



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Brett G. Kappel, Esq.
Vorys, Sater, Seymour and Pease LLP
1828 L Street, Northwest
Eleventh Floor
Washington, DC 20036-5109

MAR - 9 2007

RE: MUR 5749
GSP Consulting Corporation
GSP Consulting Corporation PAC
and John Dick, in his official
capacity as treasurer
John Dick
Joseph Kuklis

Dear Mr. Kappel:

On May 19, 2006, the Federal Election Commission notified your clients, GSP Consulting Corporation ("GSP"), GSP Consulting Corporation PAC and John Dick, in his official capacity as treasurer ("GSP PAC"), John Dick, and Joseph Kuklis, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your clients, the Commission, on February 21, 2007, found that there is reason to believe that: GSP violated 2 U.S.C. §§ 441b(a) and 441b(b)(4)(A)(i); GSP PAC violated 2 U.S.C. §§ 433(b)(2), 441a(a)(1)(A), 441a(f), and 441b(b)(4)(A)(i); John Dick violated 2 U.S.C. §§ 441a(a)(1)(C) and 441b(a); and Joseph Kuklis violated 2 U.S.C. §§ 441a(a)(1)(C) and 441b(a). The Factual and Legal Analyses, which formed the bases for the Commission's findings, are attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact J. Cameron Thurber, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Robert D. Lenhard
Chairman

Enclosures

Factual and Legal Analysis for GSP Consulting Corporation
Factual and Legal Analysis for GSP Consulting Corporation PAC and John Dick, in his official capacity as treasurer
Factual and Legal Analysis for John Dick
Factual and Legal Analysis for Joseph Kuklis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: GSP Consulting Corporation

MUR: 5749

I. INTRODUCTION

This matter was generated by a complaint filed with the Federal Election Commission ("Commission") by the Center for Responsibility and Ethics in Washington. See 2 U.S.C. § 437g(a)(1). For the reasons set forth below, the Commission finds reason to believe that GSP Consulting Corporation ("GSP") violated 2 U.S.C. § 441b(b)(4)(A)(i) by soliciting contributions to GSP Consulting Corporation PAC ("GSP PAC") from outside GSP Consulting Corporation's restricted class and 2 U.S.C. § 441b(a) by facilitating the making of contributions.

II. DISCUSSION

A. Facts

GSP PAC is the separate segregated fund ("SSF") of GSP. The complaint alleges, and the Joint Response confirms, that Hammel, who is president of a GSP client, was solicited from outside the GSP's restricted class. The complaint also alleges, based on lobbying reports filed by GSP, that GSP may have used corporate resources to facilitate contributions to federal candidates from other client sources, specifically from Sean McDonald, CEO of client Precision Therapeutics, James Ciminio, Director of Technology for client YMCA of Pittsburgh, and client Pittsburgh Airport Area Chamber of Commerce ("PAACC"). The complaint attaches a news article that reports that GSP principal John Dick, when asked if he "suggests to his clients that they contribute money," replied, "Sure, it is an unfortunately big part of it It is definitely in our interest to support candidates that care about our projects and ideas." Carrie Budoff, *From*

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1 *staff to lobbyist: The ties that bind*, The Philadelphia Inquirer, Apr. 17, 2006, at 1. (Ellipses in
2 original).

3 The Joint Response states that Hammel's \$15,000 "contribution to GSP PAC was made
4 in response to a communication a GSP PAC official mistakenly sent him and that, accordingly,
5 GSP PAC inadvertently solicited a contribution from an individual outside the PAC's restricted
6 class." Joint Response at 11-12. GSP "emphatically denies that it used corporate resources to
7 facilitate contributions to federal candidates," and points out that GSP PAC filed conduit reports
8 with the Commission. Joint Response at 13-14. It states that the reported assertion by Dick, who
9 also serves as GSP PAC's treasurer, is "nothing more than a generic statement that GSP PAC has
10 made contributions—both in-kind and by check—to federal candidates." *Id.*

11 **B. Analysis**

12 **1. Solicitations outside the restricted class**

13 A corporation may establish an SSF to provide a vehicle through which the corporation
14 and its personnel can participate in the political process. *See* 2 U.S.C. § 441b(b)(2)(C);
15 11 C.F.R. § 114.5(d); Campaign Guide for Corporations and Labor Organizations, at 7 (SSFs are
16 a way "in which a corporation or labor union may legally participate in federal election
17 activities"). A corporation's stockholders, executive and administrative personnel and their
18 respective families, or those of an affiliated organization, make up its restricted class. 2 U.S.C.
19 § 441b(b)(4)(A)(i); 11 C.F.R. §§ 114.1(j), 114.5(g)(1).¹

¹ A corporation may also make twice yearly written solicitations to its employees who are not part of the restricted class. 11 C.F.R. § 114.6. These solicitations are strictly limited to current employees of the corporation. *Id.*

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1 The Act and the Commission's regulations prohibit corporations and their SSFs from
2 soliciting contributions to the SSF from outside the corporation's restricted class. 2 U.S.C.
3 § 441b(b)(4)(A)(i); 11 C.F.R. § 114.5(g)(1). Unsolicited contributions from outside the
4 restricted class may be accepted by a SSF. 11 C.F.R. § 114.5(j); Campaign Guide for
5 Corporations and Labor Org., at 21 (2001)(citing AO 1983-38 (Du Pont)).

6 The Joint Response states that GSP PAC inadvertently solicited a contribution from a
7 person outside of its restricted class, claiming that GSP client Hammel's contribution was made
8 in response to a communication – which was not provided – mistakenly sent to him by a GSP
9 PAC official. Joint Response at 11-12, citing 11 C.F.R. § 114.5(h). That regulation provides
10 that an inadvertent solicitation by a corporation's SSF is not a violation if the SSF "used its best
11 efforts to comply with" the regulations and if the SSF corrected "the method of solicitation . . .
12 forthwith after the discovery of such erroneous solicitation." However, the fact that several other
13 GSP clients or their officials also made contributions to or through GSP PAC, as discussed
14 below, appears to warrant an investigation whether Hammel's contribution was, as claimed, an
15 inadvertent, isolated instance of a solicitation beyond GSP's restricted class.

16 GSP PAC's filings show sixteen contributions to or flowing through GSP PAC that
17 appear to have come from outside of GSP's restricted class, over half from known GSP client
18 entities and individuals that are officers or directors of GSP clients.² See Attachment. These
19 contributions, which include Hammel's contribution of \$15,000, total \$23,567 and were made
20 during 2004 and 2005. The number of contributors during this time period from outside GSP's
21 restricted class is four times the number of contributors from within the restricted class, which

² Three of these contributions, totaling \$500, are from the PAACC PAC, which is the SSF of the PAACC, a GSP client.

1 may indicate that GSP proffered to its lobbying or other corporate clients the use of its SSF to
2 deliver their contributions to federal candidates. Several of these contributions from outside the
3 restricted class appear to have been made within a short time period, for the same amount, and in
4 some cases, to the same candidates. *See id.*

5 A corporation may only solicit earmarked contributions to federal candidates that are to
6 flow through its SSF from within its restricted class. 11 C.F.R. §§ 114.2(f)(2)(iii)(earmarked
7 contributions solicited by the corporation must be treated as contributions to and by the SSF);
8 114.5(g)(1)(a corporation and its SSF may only solicit contributions to the SSF from its restricted
9 class). The number of contributions to or flowing through its SSF from outside GSP's restricted
10 class, particularly given the high ratio of outside contributors to restricted class contributors,
11 provides a basis to investigate the circumstances under which such contributions, including
12 Hammel's, were made, in order to ascertain if they were impermissibly solicited.

13 2. Corporate Facilitation

14 The complaint's corporate facilitation count focuses on earmarked contributions from
15 GSP client PAACC PAC and officials of two other GCP clients, Sean McDonald and James
16 Ciminio. A corporation, including its officers, directors or other representatives acting as
17 corporate agents, is prohibited from facilitating the making of contributions to federal candidates
18 or political committees other than to the corporation's own SSF. 11 C.F.R. § 114.2(f)(1).
19 Facilitation includes using corporate resources for fundraising in connection with any federal
20 election. *Id.* Examples of corporate facilitation include using a corporate list of clients who are
21 not in the restricted class to solicit contributions or distributing invitations to a fundraiser unless
22 the corporation receives advance payment for the fair market value of the list; another example is
23 soliciting earmarked contributions for a candidate to be collected and forwarded by the

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1 corporation's SSF, unless those contributions are also treated as contributions to and by its SSF.
2 11 C.F.R. §§ 114.2(f)(2)(i)(C); (iii). As discussed *supra*, a corporation may only solicit
3 earmarked contributions to be collected or forwarded by its SSF if it also treats those solicitations
4 as solicitations to the SSF, which in turn means those solicitations must be limited to the
5 corporation's restricted class. 11 C.F.R. §§ 114.2(f)(2)(iii), 114.5(g)(1). Thus, a corporation
6 may not solicit persons outside its restricted class for earmarked contributions that are collected
7 or forwarded by its SSF, even if the contributions are not deposited in the SSF's account.
8 11 C.F.R. §§ 114.2(f)(2)(iii), 114.5(g)(1); Corporate and Labor Organization Activity, 60 Fed.
9 Reg. 64259, 64265 (Dec. 14, 1995).

10 As noted previously, there are a number of earmarked contributions that flowed through
11 GSP PAC that emanated from GSP clients or their associated personnel, persons outside the
12 restricted class. We do not know the circumstances under which these conduit contributions
13 came to GSP PAC. However, it seems unlikely that a number of GSP's clients or their
14 associated personnel merely by chance forwarded earmarked contributions through GSP PAC.
15 As noted, the ratio of known clients contributing from outside the restricted class to those
16 contributors from within the restricted class is 2:1 for 2004 and 2005.³

17 Therefore, there is reason to believe that GSP Consulting Corporation violated 2 U.S.C.
18 § 441b(b)(4)(A)(i) by soliciting contributions to GSP Consulting Corporation PAC from outside
19 GSP Consulting Corporation's restricted class and 2 U.S.C. § 441b(a) by facilitating the making
20 of contributions.

³ This is a lower ratio than the number of overall contributors from outside the restricted class to those within the restricted class for this time period because it is unknown whether additional outside contributors are clients, information we will attempt to discover during the investigation. Nevertheless, the number of known clients contributing to GSP PAC is double that of GSP's personnel.

MUR 5749 - GSP PAC RECEIPTS - OUTSIDE RESTRICTED CLASS

FROM	EMPLOYER	DATE	AMOUNT	EARMARKED?	REPORT	CLIENT?
Thomas Greallah	Henderson Brothers	03/12/04	\$500	Rick Santorum	April 04	Unknown
William Thomasmeyer	Robotics Foundry	03/09/04	\$3000	John Murtha	April 04	Unknown
PAACC PAC	N/A	01/12/04	\$200	Melissa Hart	April 04	Yes
PAACC PAC	N/A	02/02/04	\$50	Melissa Hart	April 04	Yes
John Russell	Jack Russell & Associates	04/05/04	\$250	Mike Doyle	July 04	Unknown
Thomas Balestrieri	Buncher Corporation	08/18/04	\$250	Tim Murphy	Oct. 04	Yes (Buncher Properties)
Howard Berger	National Laundry Service	08/18/04	\$250	Unknown	Oct. 04	Unknown
James Cirminio	YMCA of Pittsburgh	08/23/04	\$250	Tim Murphy	Oct. 04	Yes
Nicholas Kuhn	A Lung Technologies	08/23/04	\$250	Tim Murphy	Oct. 04	Yes
Sean McDonald	Precision Therapeutics	07/07/04	\$250	Mike Doyle	Oct. 04	Yes
Sean McDonald	Precision Therapeutics	07/07/04	\$2000	Rick Santorum	Oct. 04	Yes
Timothy Pisula	Yyireless1.net	08/23/04	\$250	Tim Murphy	Oct. 04	Unknown
Richard Stover	Birchmere Capital	08/25/04	\$250	Tim Murphy	Oct. 04	Unknown
PAACC PAC	N/A	08/23/04	\$250	Tim Murphy	Oct. 04	Yes
Pittsburgh Future PAC	N/A	06/13/05	\$567.05	No (notation: PA registered PAC contribution)	2005 MY	Unknown
Charles Hammel	Pitt Ohio	12/05/05	\$15,000	No	2005 YE	Yes

Note: Gregory Harbaugh, employed by affiliate Houston Harbaugh, P.C., contributed \$250 earmarked for Tim Murphy on 08/18/04.

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: GSP Consulting Corporation PAC
and John Dick, in his official capacity as treasurer

MUR: 5749

I. INTRODUCTION

This matter was generated by a complaint filed with the Federal Election Commission ("Commission") by the Center for Responsibility and Ethics in Washington. See 2 U.S.C. § 437g(a)(1). For the reasons set forth below, the Commission finds reason to believe that GSP Consulting Corporation PAC and John Dick, in his official capacity as treasurer ("GSP PAC"), violated 2 U.S.C. § 441a(f) by knowingly accepting excessive contributions, 2 U.S.C. § 441b(b)(4)(A)(i) by soliciting contributions to GSP Consulting Corporation PAC from outside GSP Consulting Corporation's restricted class, 2 U.S.C. § 433(b)(2) by failing to disclose its affiliated status, and 2 U.S.C. § 441a(a)(1)(A) by jointly making an excessive contribution with an affiliated entity.

II. DISCUSSION

A. Excessive Contributions to GSP PAC

1. Facts

GSP Consulting Corporation ("GSP") principals John Dick and Joseph Kuklis, and Charles Hammel, president of a GPS client, each admittedly contributed in excess of \$5,000 to GSP PAC, the separate segregated fund ("SSF") of GSP, in 2005. See Attachment 1 and Joint Response at 11. In 2005, Dick's, Kuklis', and Hammel's total contributions to GSP PAC were \$14,000, \$11,800, and \$15,000, respectively. Additionally, on January 3, 2005, Kuklis and Dick each contributed

1 \$1,500 to Houston Harbaugh Legislative Services PAC, and Gregory Harbaugh, in his official
2 capacity as treasurer ("HHLS PAC"), putatively affiliated with GPS PAC. *See discussion infra.*

3 According to the Joint Response, prior to 2005, GSP PAC had separate federal and
4 nonfederal accounts. Joint Response at 5-6. On April 16, 2005, GSP PAC changed banks and
5 decided to use only one account for both federal and nonfederal funds "to streamline operations."

6 *Id.* Prior to this consolidation, Dick and Kuklis had made contributions to the separate federal
7 and non-federal accounts; there are no contribution limits for state election activity under
8 Pennsylvania law. *Id.*; *see also* 25 Pa. Stat. Ann. § 3524. After the consolidation, not realizing
9 that the combined account was now subject to federal contribution limits, Dick (who was also
10 GSP PAC's treasurer) and Kuklis continued to make contributions for both federal and state
11 election activity "under the mistaken belief that contributions they made to GSP PAC to be used
12 in connection with Pennsylvania state races were still subject to Pennsylvania law and therefore
13 could be made without limit." Joint Response at 6. The aggregated reported contributions by
14 Kuklis and Dick to GSP PAC first exceeded the contribution limits on July 21, 2005, three
15 months after the federal and nonfederal accounts were consolidated. *See* Attachment 1.

16 The Joint Response states that "[o]n January 16, 2006, GSP PAC's assistant treasurer
17 began to prepare the PAC's 2005 Year-End Report" and discovered the excessive contributions.
18 Joint Response at 6-7. GSP PAC refunded \$10,000 to Hammel the next day, leaving insufficient
19 funds for further refunds. *Id.* at 7; *see* GSP PAC 2006 April Quarterly Report. Refunds to
20 Kuklis and Dick were made in January and February of 2006 once solicitations made to GSP's
21 restricted class resulted in sufficient funds. Joint Response at 7. On March 7, 2006, GSP PAC
22 again switched banks, as reflected on the amended Statement of Organization filed on March 17,

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1 2006, and "believed that it had taken all of the steps necessary to come back into compliance
2 with FECA" and prevent future excess contributions. Joint Response at 8.

3 2. **Analysis**

4 Pursuant to 2 U.S.C. § 441a(a)(1)(C), no person may make a contribution to a political
5 committee, which includes an SSF, in any calendar year, which in the aggregate, exceeds \$5,000.
6 11 C.F.R. § 100.5(b). Dick, Kuklis and Hammel each admitted to making contributions
7 exceeding \$5,000 to GSP PAC in 2005, Joint Response at 11, and GSP PAC knowingly received
8 these excessive contributions.¹

9 Therefore, there is reason to believe that GSP PAC and John Dick, in his official capacity
10 as treasurer, violated 2 U.S.C. § 441a(f) by knowingly accepting excessive contributions.

11 **B. Solicitation From Outside GSP's Restricted Class**

12 1. **Facts**

13 The complaint alleges, and the Joint Response confirms, that Hammel, who is
14 president of a GSP client, was solicited from outside the GSP's restricted class. The complaint
15 attaches a news article that reports that GSP principal John Dick, when asked if he "suggests to
16 his clients that they contribute money," replied, "Sure, it is an unfortunately big part of it It
17 is definitely in our interest to support candidates that care about our projects and ideas." Carrie
18 Budoff, *From staff to lobbyist: The ties that bind*, The Philadelphia Inquirer, Apr. 17, 2006, at 1.
19 (Ellipses in original).
20

21 The Joint Response states that Hammel's \$15,000 "contribution to GSP PAC was made
22 in response to a communication a GSP PAC official mistakenly sent him and that, accordingly,

¹ Although GSP PAC claims it did not knowingly receive excessive contributions, it seems to have confused "knowingly" with "knowing and willful" as it admits to receiving such contributions. Joint Response at 11.

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1 GSP PAC inadvertently solicited a contribution from an individual outside the PAC's restricted
2 class." Joint Response at 11-12. As discussed *supra*, GSP PAC returned the excessive portion
3 (\$10,000) of Hammel's contribution approximately two months after its receipt, but returned the
4 remaining \$5,000 approximately five months later when it "learned for the first time" of the
5 allegation of accepting contributions from people outside the firm from a *Roll Call* reporter.
6 Joint response at 8; see Tory Newmyer, *Lobbying Firm Broke PAC Rules*, *Roll Call*, May 3,
7 2006, at 1 (attached to complaint); GSP PAC 2006 July Quarterly Report. The Joint Response
8 states that the reported assertion by Dick, who also serves as GSP PAC's treasurer, is "nothing
9 more than a generic statement that GSP PAC has made contributions—both in-kind and by
10 check—to federal candidates." *Id.*

11 2. Analysis

12 A corporation may establish an SSF to provide a vehicle through which the corporation
13 and its personnel can participate in the political process. See 2 U.S.C. § 441b(b)(2)(C);
14 11 C.F.R. § 114.5(d); Campaign Guide for Corporations and Labor Organizations, at 7 (SSFs are
15 a way "in which a corporation or labor union may legally participate in federal election
16 activities"). A corporation's stockholders, executive and administrative personnel and their
17 respective families, or those of an affiliated organization, make up its restricted class. 2 U.S.C.
18 § 441b(b)(4)(A)(i); 11 C.F.R. §§ 114.1(j), 114.5(g)(1).²

19 The Act and the Commission's regulations prohibit corporations and their SSFs from
20 soliciting contributions to the SSF from outside the corporation's restricted class. 2 U.S.C.

² A corporation may also make twice yearly written solicitations to its employees who are not part of the restricted class. 11 C.F.R. § 114.6. These solicitations are strictly limited to current employees of the corporation. *Id.*

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1 § 441b(b)(4)(A)(i); 11 C.F.R. § 114.5(g)(1). Unsolicited contributions from outside the
2 restricted class may be accepted by a SSF. 11 C.F.R. § 114.5(j); Campaign Guide for
3 Corporations and Labor Org., at 21 (2001)(citing AO 1983-38 (Du Pont)).

4 The Joint Response states that GSP PAC inadvertently solicited a contribution from a
5 person outside of its restricted class, claiming that GSP client Hammel's contribution was made
6 in response to a communication -- which was not provided -- mistakenly sent to him by a GSP
7 PAC official. Joint Response at 11-12, citing 11 C.F.R. § 114.5(h). That regulation provides
8 that an inadvertent solicitation by a corporation's SSF is not a violation if the SSF "used its best
9 efforts to comply with" the regulations and if the SSF corrected "the method of solicitation . . .
10 forthwith after the discovery of such erroneous solicitation." However, the fact that several other
11 GSP clients or their officials also made contributions to or through GSP PAC, as discussed
12 below, appears to warrant an investigation whether Hammel's contribution was, as claimed, an
13 inadvertent, isolated instance of a solicitation beyond GSP's restricted class.

14 GSP PAC's filings show sixteen contributions to or flowing through GSP PAC that
15 appear to have come from outside of GSP's restricted class, over half from known GSP client
16 entities and individuals that are officers or directors of GSP clients.³ See Attachment. These
17 contributions, which include Hammel's contribution of \$15,000, total \$23,567 and were made
18 during 2004 and 2005. The number of contributors during this time period from outside GSP's
19 restricted class is four times the number of contributors from within the restricted class, which
20 may indicate that GSP proffered to its lobbying or other corporate clients the use of its SSF to
21 deliver their contributions to federal candidates. Several of these contributions from outside the

³ Three of these contributions, totaling \$500, are from the Pittsburgh Airport Area Chamber of Commerce ("PAACC") PAC, which is the SSF of the PAACC, a GSP client.

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1 restricted class appear to have been made within a short time period, for the same amount, and in
2 some cases, to the same candidates. *See id.*

3 The number of contributions to or flowing through its SSF from outside GSP's restricted
4 class, particularly given the high ratio of outside contributors to restricted class contributors,
5 provides a basis to investigate the circumstances under which such contributions, including
6 Hammel's, were made, in order to ascertain if they were impermissibly solicited. Therefore,
7 there is reason to believe GSP Consulting Corporation PAC and John Dick, in his official
8 capacity as treasurer violated 2 U.S.C. § 441b(b)(4)(A)(i) by soliciting contributions to GSP
9 Consulting Corporation PAC from outside GSP Consulting Corporation's restricted class.

10 **C. Failure to Report Affiliation Between GSP PAC and HHLS PAC and**
11 **Excessive Contribution to Santorum 2006**

12
13 **1. Facts**

14 Houston Harbaugh Legislative Services ("HHLS"), a limited liability company, was
15 formed as a joint venture between GSP and the Houston Harbaugh law firm, both Pennsylvania
16 corporations, in October 2002; HHLS PAC was its SSF. Joint Response at 8-9.⁴ GSP assumed
17 the entire interest of HHLS on December 21, 2005. Joint Response at 9 n.2. HHLS PAC's
18 Statements of Organization did not disclose any affiliation with GSP or GSP PAC, and GSP
19 PAC's Statements of Organization likewise did not reflect any affiliation with HHLS or HHLS
20 PAC.

21 GSP PAC admits, and its disclosure reports show, that it contributed a total of \$4,100 to
22 Santorum 2006 (\$2,000 designated to the primary election, \$2,000 designated to the general
23 election and a \$100 in-kind contribution). Joint Response at 10 n.3. HHLS PAC also admits,

⁴ The law firm did not have its own SSF. HHLS PAC terminated on March 22, 2006.

1 and its disclosure reports show, that it contributed a total of \$1,500 in undesignated contributions
2 to Santorum 2006. Joint Response at 10 n.3. Thus, the combined contributions to Santorum
3 2006 from GSP PAC and HHLS PAC total \$5,600.

4 2. Analysis

5 A committee must disclose its affiliated committee's or connected organization's name,
6 address and relationship on its Statement of Organization. 2 U.S.C. § 433(b)(2). "Assuming
7 without conceding that GSP PAC and HHLS PAC qualify as affiliated committees," both admit
8 that they did not notify the Commission of their "putative affiliated status." Joint Response at 12.

9 Affiliated committees include SSFs established, financed, maintained or controlled by the
10 same corporation, person or group of persons, including any parent, subsidiary, branch, division,
11 department or local unit thereof. 11 C.F.R. § 100.5(g)(2). Committees also may be affiliated if
12 certain other factors are met. See 11 C.F.R. §§ 110.3(a)(2)-(3). Although the PACs do not
13 wholly concede their affiliation, it is clear they were affiliated at least from December 21, 2005,
14 when GSP assumed the entire interest of HHLS, see Joint Response at 9 n.2, until HHLS PAC
15 terminated in March 2006. While we have not located any public information concerning
16 HHLS's ownership percentages and financing outside these dates, because Kuklis and Dick were
17 simultaneously officers or directors of both GSP and HHLS, Joint Response at 9, there are
18 sufficient grounds to investigate whether the two PACs were affiliated at the time of their
19 contributions to Santorum 2006, which occurred prior to December 2005. See AOs (discussing
20 affiliation criteria) 2001-18 (Cingular Wireless); 1997-13 (USA PAC); 1992-17 (Du Pont
21 Merck); 1979-56 (Brunswick).

22 Affiliated committees are subject to the contribution limits that apply to a single
23 committee under 2 U.S.C. § 441a(a)(1). 2 U.S.C. § 441a(a)(5). In 2005, the PAC contribution

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1 limit was \$2,100 per election, making \$4,200 the total contribution limit from affiliated
2 committees to a Senate candidate for the 2006 primary and general elections. *See*
3 2 U.S.C. § 441a(c). The two PACs admit that if they were affiliated, they "together contributed
4 in excess of the maximum amount permitted by 2 U.S.C. § 441a(a)(1) and 11 C.F.R. § 110.1(a)
5 to Santorum 2006" by a combined total of \$1,400.⁵ Joint Response at 12. Had either GSP PAC
6 or HHLS PAC been a multicandidate committee, they could have availed themselves of the
7 increased contribution limits set forth in 2 U.S.C. § 441a(a)(2)(A) and avoided making an
8 excessive contribution; however, GSP PAC and HHLS PAC admit they do not qualify as
9 multicandidate committees under 11 C.F.R. § 100.5(e)(3) since their filings demonstrate they
10 each have had fewer than fifty contributors. GSP PAC's and HHLS PAC's filings with the
11 Commission show no other jointly excessive contributions.

12 Therefore, there is reason to believe that GSP PAC and John Dick, in his official capacity
13 as treasurer, violated 2 U.S.C. § 433(b)(2) by failing to disclose its affiliated status with Houston
14 Harbaugh Legislative Services PAC, and Gregory Harbaugh, in his official capacity as treasurer,
15 and 2 U.S.C. § 441a(a)(1)(A) by contributing \$5,600 to Santorum 2006, exceeding the
16 contribution limits by \$1,400.

⁵ Even under the presumptive redesignation regulations, the contributions are still excessive. *See* 11 C.F.R. § 110.1(b)(5)(ii)(B), (C).

MUR 5749 – GSP PAC RECEIPTS - OUTSIDE RESTRICTED CLASS

FROM	EMPLOYER	DATE	AMOUNT	EARMARKED?	REPORT	CLIENT?
Thomas Greallah	Henderson Brothers	03/12/04	\$500	Rick Santorum	April 04	Unknown
William Thomasmeyer	Robotics Foundry	03/09/04	\$3000	John Murtha	April 04	Unknown
PAACC PAC	N/A	01/12/04	\$200	Melissa Hart	April 04	Yes
PAACC PAC	N/A	02/02/04	\$50	Melissa Hart	April 04	Yes
John Russell	Jack Russell & Associates	04/05/04	\$250	Mike Doyle	July 04	Unknown
Thomas Balestrieri	Buncher Corporation	08/18/04	\$250	Tim Murphy	Oct. 04	Yes (Buncher Properties)
Howard Berger	National Laundry Service	08/18/04	\$250	Unknown	Oct. 04	Unknown
James Ciminio	YMCA of Pittsburgh	08/23/04	\$250	Tim Murphy	Oct. 04	Yes
Nicholas Kuhn	A Lung Technologies	08/23/04	\$250	Tim Murphy	Oct. 04	Yes
Sean McDonald	Precision Therapeutics	07/07/04	\$250	Mike Doyle	Oct. 04	Yes
Sean McDonald	Precision Therapeutics	07/07/04	\$2000	Rick Santorum	Oct. 04	Yes
Timothy Pisula	Yyireless l.net	08/23/04	\$250	Tim Murphy	Oct. 04	Unknown
Richard Stover	Birchmere Capital	08/25/04	\$250	Tim Murphy	Oct. 04	Unknown
PAACC PAC	N/A	08/23/04	\$250	Tim Murphy	Oct. 04	Yes
Pittsburgh Future PAC	N/A	06/13/05	\$567.05	No (notation: PA registered PAC contribution)	2005 MY	Unknown
Charles Hammel	Pitt Ohio	12/05/05	\$15,000	No	2005 YE	Yes

Note: Gregory Harbaugh, employed by affiliate Houston Harbaugh, P.C., contributed \$250 earmarked for Tim Murphy on 08/18/04.

1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

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5 **RESPONDENT: John Dick**

MUR: 5749

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7 **I. INTRODUCTION**

8 This matter was generated by a complaint filed with the Federal Election Commission
9 ("Commission") by the Center for Responsibility and Ethics in Washington. See 2 U.S.C.
10 § 437g(a)(1). For the reasons set forth below, the Commission finds reason to believe that John
11 Dick violated 2 U.S.C. § 441a(a)(1)(C) by making excessive contributions to GSP Consulting
12 Corporation PAC ("GSP PAC") and 2 U.S.C. § 441b(a) by consenting to GSP Consulting
13 Corporation facilitating the making of contributions.

14 **II. DISCUSSION**

15 **A. Excessive Contributions to GSP PAC**

16
17 **1. Facts**

18 GSP Consulting Corporation ("GSP") principal John Dick admittedly contributed in excess
19 of \$5,000 to GSP PAC, GSP's separate segregated fund ("SSF"), in 2005. Joint Response at 11.¹
20 In 2005, Dick's total contributions to GSP PAC were \$14,000. Additionally, on January 3, 2005,
21 Dick contributed \$1,500 to Houston Harbaugh Legislative Services PAC, and Gregory Harbaugh,
22 in his official capacity as treasurer, putatively affiliated with GPS PAC.

23 According to the Joint Response, prior to 2005, GSP PAC had separate federal and

¹ Dick is referred to as one of the persons establishing GSP and as a "principal" of GSP in the Joint Response. See also www.gspconsulting.com, which refers to him as having co-founded GSP. The Pennsylvania Department of State's on-line corporation database does not contain his exact title or position, and we do not currently know this information. The Joint Response to the complaint was filed on behalf of GSP, GSP PAC, John Dick and others.

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1 nonfederal accounts. Joint Response at 5-6. On April 16, 2005, GSP PAC changed banks and
2 decided to use only one account for both federal and nonfederal funds "to streamline operations."
3 *Id.* Prior to this consolidation, Dick had made contributions to the separate federal and non-
4 federal accounts; there are no contribution limits for state election activity under Pennsylvania
5 law. *Id.*; see also 25 Pa. Stat. Ann. § 3524. After the consolidation, not realizing that the
6 combined account was now subject to federal contribution limits, Dick (who was also GSP
7 PAC's treasurer) continued to make contributions for both federal and state election activity
8 "under the mistaken belief that contributions he made to GSP PAC to be used in connection with
9 Pennsylvania state races were still subject to Pennsylvania law and therefore could be made
10 without limit." Joint Response at 6. The aggregated reported contributions by Dick to GSP PAC
11 first exceeded the contribution limits on July 21, 2005, three months after the federal and
12 nonfederal accounts were consolidated.

13 The Joint Response states that "[o]n January 16, 2006, GSP PAC's assistant treasurer
14 began to prepare the PAC's 2005 Year-End Report" and discovered the excessive contributions.
15 Joint Response at 6-7. Refunds to Dick were made in January and February of 2006 once
16 solicitations made to GSP's restricted class resulted in sufficient funds. Joint Response at 7.

17 **2. Analysis**

18 Pursuant to 2 U.S.C. § 441a(a)(1)(C), no person may make a contribution to a political
19 committee, which includes an SSF, in any calendar year, which in the aggregate, exceeds \$5,000.
20 11 C.F.R. § 100.5(b). Dick admitted to making contributions exceeding \$5,000 to GSP PAC in
21 2005. Joint Response at 11.

22 Commission records show Dick also made a \$1,500 contribution to Houston Harbaugh
23 Legislative Services PAC ("HHLS PAC") on January 3, 2005. Affiliated committees are subject

1 to the contribution limits that apply to a single committee under 2 U.S.C. § 441a(a)(1). 2 U.S.C.
2 § 441a(a)(5). If HHLS PAC and GSP PAC were affiliated, this would increase the amount of
3 Dick's excessive contributions by \$1,500.

4 Therefore, there is reason to believe that John Dick violated 2 U.S.C. § 441a(a)(1)(C) by
5 making excessive contributions to GSP Consulting Corporation PAC.

6 **B. Corporate Facilitation of Contributions**

7
8 **1. Facts**

9 The complaint alleges, and the Joint Response confirms, that Charles Hammel, who is
10 president of a GSP client and made a \$15,000 contribution to GSP PAC in 2005, was solicited
11 from outside the GSP's restricted class. The complaint also alleges, based on lobbying reports
12 filed by GSP, that GSP may have used corporate resources to facilitate contributions to federal
13 candidates from other client sources, specifically from Sean McDonald, CEO of client Precision
14 Therapeutics, James Ciminio, Director of Technology for client YMCA of Pittsburgh, and client
15 Pittsburgh Airport Area Chamber of Commerce ("PAACC").² The complaint attaches a news
16 article that reports that GSP principal John Dick, when asked if he "suggests to his clients that
17 they contribute money," replied, "Sure, it is an unfortunately big part of it It is definitely in
18 our interest to support candidates that care about our projects and ideas." Carrie Budoff, *From*
19 *staff to lobbyist: The ties that bind*, The Philadelphia Inquirer, Apr. 17, 2006, at 1. (Ellipses in
20 original).

21 The Joint Response states that Hammel's \$15,000 "contribution to GSP PAC was made
22 in response to a communication a GSP PAC official mistakenly sent him and that, accordingly,

² Commission filings reflect that PAACC's political action committee ("PAACC PAC"), a registered committee, and not PAACC, made the contributions

1 GSP PAC inadvertently solicited a contribution from an individual outside the PAC's restricted
2 class." Joint Response at 11-12. GSP PAC returned the excessive portion (\$10,000) of
3 Hammel's contribution approximately two months after its receipt, but returned the remaining
4 \$5,000 approximately five months later when it "learned for the first time" of the allegation of
5 accepting contributions from people outside the firm from a *Roll Call* reporter. Joint response at
6 8; see Tory Newmyer, *Lobbying Firm Broke PAC Rules*, *Roll Call*, May 3, 2006, at 1 (attached to
7 complaint); GSP PAC 2006 July Quarterly Report. GSP "emphatically denies that it used
8 corporate resources to facilitate contributions to federal candidates," and points out that GSP
9 PAC filed conduit reports with the Commission. Joint Response at 13-14. It states that the
10 reported assertion by Dick, who also serves as GSP PAC's treasurer, is "nothing more than a
11 generic statement that GSP PAC has made contributions—both in-kind and by check—to federal
12 candidates." *Id.*

13 2. Analysis

14 The complaint's corporate facilitation count focuses on earmarked contributions from
15 GSP client PAACC PAC and officials of two other GCP clients, Sean McDonald and James
16 Ciminio. A corporation, including its officers, directors or other representatives acting as
17 corporate agents, is prohibited from facilitating the making of contributions to federal candidates
18 or political committees other than to the corporation's own SSF. 11 C.F.R. § 114.2(f)(1).
19 Facilitation includes using corporate resources for fundraising in connection with any federal
20 election. *Id.* Examples of corporate facilitation include using a corporate list of clients who are

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1 not in the restricted class to solicit contributions or distributing invitations to a fundraiser unless
2 the corporation receives advance payment for the fair market value of the list;³ another example
3 is soliciting earmarked contributions for a candidate to be collected and forwarded by the
4 corporation's SSF, unless those contributions are also treated as contributions to and by its SSF.
5 11 C.F.R. §§ 114.2(f)(2)(i)(C); (iii).

6 A corporation may only solicit earmarked contributions to federal candidates that are to
7 flow through its SSF from within its restricted class. 11 C.F.R. §§ 114.2(f)(2)(iii)(earmarked
8 contributions solicited by the corporation must be treated as contributions to and by the SSF);
9 114.5(g)(1)(a corporation and its SSF may only solicit contributions to the SSF from its restricted
10 class). Thus, a corporation may not solicit persons outside its restricted class for earmarked
11 contributions that are collected or forwarded by its SSF, even if the contributions are not
12 deposited in the SSF's account. 11 C.F.R. §§ 114.2(f)(2)(iii), 114.5(g)(1); Corporate and Labor
13 Organization Activity, 60 Fed. Reg. 64259, 64265 (Dec. 14, 1995).

14 GSP PAC's filings show sixteen contributions that appear to have come from outside of
15 GSP's restricted class, over half from known GSP client entities and individuals that are officers
16 or directors of GSP clients.⁴ See Attachment. These contributions, which include Hammel's
17 contribution of \$15,000, total \$23,567 and were made during 2004 and 2005. The number of
18 contributors during this time period from outside GSP's restricted class is four times the number
19

³ A corporation's stockholders, executive and administrative personnel and their respective families, or those of an affiliated organization, make up its restricted class. 2 U.S.C. § 441b(b)(4)(A)(i); 11 C.F.R. §§ 114.1(j), 114.5(g)(1). A corporation may also make twice yearly written solicitations to its employees who are not part of the restricted class. 11 C.F.R. § 114.6. These solicitations are strictly limited to current employees of the corporation. *Id.*

⁴ Three of these contributions, totaling \$500, are from the PAACC PAC, which is the SSF of the PAACC, a GSP client.

1 of contributors from within the restricted class, which may indicate that GSP proffered to its
2 lobbying or other corporate clients the use of its SSF to deliver their contributions to federal
3 candidates. Several of these contributions from outside the restricted class appear to have been
4 made within a short time period, for the same amount, and in some cases, to the same candidates.
5 It seems unlikely that a number of GSP's clients or their associated personnel merely by chance
6 forwarded earmarked contributions through GSP PAC. The ratio of known clients contributing
7 from outside the restricted class to those contributors from within the restricted class is 2:1 for
8 2004 and 2005. As a principal of GSP Consulting Corporation, Dick was in a position to have
9 consented to the facilitation of these contributions.

10 Therefore, there is reason to believe that John Dick violated 2 U.S.C. § 441(b)(a) by
11 consenting to GSP Consulting Corporation facilitating the making of contributions.

MUR 5749 - GSP PAC RECEIPTS - OUTSIDE RESTRICTED CLASS

FROM	EMPLOYER	DATE	AMOUNT	EARMARKED?	REPORT	CLIENT?
Thomas Greallah	Henderson Brothers	03/12/04	\$500	Rick Santorum	April 04	Unknown
William Thomasmeyer	Robotics Foundry	03/09/04	\$3000	John Murtha	April 04	Unknown
PAACC PAC	N/A	01/12/04	\$200	Melissa Hart	April 04	Yes
PAACC PAC	N/A	02/02/04	\$50	Melissa Hart	April 04	Yes
John Russell	Jack Russell & Associates	04/05/04	\$250	Mike Doyle	July 04	Unknown
Thomas Balestrieri	Buncher Corporation	08/18/04	\$250	Tim Murphy	Oct. 04	Yes (Buncher Properties)
Howard Berger	National Laundry Service	08/18/04	\$250	Unknown	Oct. 04	Unknown
James Ciminio	YMCA of Pittsburgh	08/23/04	\$250	Tim Murphy	Oct. 04	Yes
Nicholas Kuhn	A Lung Technologies	08/23/04	\$250	Tim Murphy	Oct. 04	Yes
Sean McDonald	Precision Therapeutics	07/07/04	\$250	Mike Doyle	Oct. 04	Yes
Sean McDonald	Precision Therapeutics	07/07/04	\$2000	Rick Santorum	Oct. 04	Yes
Timothy Pisula	Yyireless1.net	08/23/04	\$250	Tim Murphy	Oct. 04	Unknown
Richard Stover	Birchmere Capital	08/25/04	\$250	Tim Murphy	Oct. 04	Unknown
PAACC PAC	N/A	08/23/04	\$250	Tim Murphy	Oct. 04	Yes
Pittsburgh Future PAC	N/A	06/13/05	\$567.05	No (notation: PA registered PAC contribution)	2005 MY	Unknown
Charles Hammel	Pitt Ohio	12/05/05	\$15,000	No	2005 YE	Yes

Note: Gregory Harbaugh, employed by affiliate Houston Harbaugh, P.C., contributed \$250 earmarked for Tim Murphy on 08/18/04.

1 **FEDERAL ELECTION COMMISSION**

2 **FACTUAL AND LEGAL ANALYSIS**

3
4
5 **RESPONDENT: Joseph Kuklis**

MUR: 5749

6
7 **I. INTRODUCTION**

8 This matter was generated by a complaint filed with the Federal Election Commission
9 ("Commission") by the Center for Responsibility and Ethics in Washington. See 2 U.S.C.
10 § 437g(a)(1). For the reasons set forth below, the Commission finds reason to believe that
11 Joseph Kuklis violated 2 U.S.C. § 441a(a)(1)(C) by making excessive contributions to GSP
12 Consulting Corporation PAC ("GSP PAC") and 2 U.S.C. § 441b(a) by consenting to GSP
13 Consulting Corporation facilitating the making of contributions.

14 **II. DISCUSSION**

15 **A. Excessive Contributions to GSP PAC**

16
17 **1. Facts**

18 GSP Consulting Corporation ("GSP") principal Joseph Kuklis admittedly contributed in
19 excess of \$5,000 to GSP PAC, GSP's separate segregated fund ("SSF"), in 2005. Joint Response
20 at 11.¹ In 2005, Kuklis' total contributions to GSP PAC were \$11,800. Additionally, on January
21 3, 2005, Kuklis contributed \$1,500 to Houston Harbaugh Legislative Services PAC, and Gregory
22 Harbaugh, in his official capacity as treasurer, putatively affiliated with GPS PAC.

23 According to the Joint Response, prior to 2005, GSP PAC had separate federal and

¹ Kuklis is referred to as one of the persons establishing GSP and as a "principal" of GSP in the Joint Response. See also www.gspconsulting.com, which refers to him as having co-founded GSP. The Pennsylvania Department of State's on-line corporation database does not contain his exact title or position, and we do not currently know this information. The Joint Response to the complaint was filed on behalf of GSP, GSP PAC, Joseph Kuklis and others.

1 nonfederal accounts. Joint Response at 5-6. On April 16, 2005, GSP PAC changed banks and
2 decided to use only one account for both federal and nonfederal funds "to streamline operations."

3 *Id.* Prior to this consolidation, Kuklis had made contributions to the separate federal and non-
4 federal accounts; there are no contribution limits for state election activity under Pennsylvania
5 law. *Id.*; see also 25 Pa. Stat. Ann. § 3524. After the consolidation, not realizing that the
6 combined account was now subject to federal contribution limits, Kuklis continued to make
7 contributions for both federal and state election activity "under the mistaken belief that
8 contributions he made to GSP PAC to be used in connection with Pennsylvania state races were
9 still subject to Pennsylvania law and therefore could be made without limit." Joint Response at
10 6. The aggregated reported contributions by Kuklis to GSP PAC first exceeded the contribution
11 limits on July 21, 2005, three months after the federal and nonfederal accounts were
12 consolidated.

13 The Joint Response states that "[o]n January 16, 2006, GSP PAC's assistant treasurer
14 began to prepare the PAC's 2005 Year-End Report" and discovered the excessive contributions.
15 Joint Response at 6-7. Refunds to Kuklis were made in January and February of 2006 once
16 solicitations made to GSP's restricted class resulted in sufficient funds. Joint Response at 7.

17 **2. Analysis**

18 Pursuant to 2 U.S.C. § 441a(a)(1)(C), no person may make a contribution to a political
19 committee, which includes an SSF, in any calendar year, which in the aggregate, exceeds \$5,000.
20 11 C.F.R. § 100.5(b). Kuklis admitted to making contributions exceeding \$5,000 to GSP PAC in
21 2005. Joint Response at 11.

22 Commission records show Kuklis also made a \$1,500 contribution to Houston Harbaugh
23 Legislative Services PAC ("HLS PAC") on January 3, 2005. Affiliated committees are subject

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1 to the contribution limits that apply to a single committee under 2 U.S.C. § 441a(a)(1). 2 U.S.C.
2 § 441a(a)(5). If HHLS PAC and GSP PAC were affiliated, this would increase the amount of
3 Kuklis' excessive contributions by \$1,500.

4 Therefore, there is reason to believe that Joseph Kuklis violated 2 U.S.C. § 441a(a)(1)(C)
5 by making excessive contributions to GSP Consulting Corporation PAC.

6 **B. Corporate Facilitation of Contributions**

7
8 **1. Facts**

9 The complaint alleges, and the Joint Response confirms, that Charles Hammel, who is
10 president of a GSP client and made a \$15,000 contribution to GSP PAC in 2005, was solicited
11 from outside the GSP's restricted class. The complaint also alleges, based on lobbying reports
12 filed by GSP, that GSP may have used corporate resources to facilitate contributions to federal
13 candidates from other client sources, specifically from Sean McDonald, CEO of client Precision
14 Therapeutics, James Ciminio, Director of Technology for client YMCA of Pittsburgh, and client
15 Pittsburgh Airport Area Chamber of Commerce ("PAACC").² The complaint attaches a news
16 article that reports that GSP principal John Dick, when asked if he "suggests to his clients that
17 they contribute money," replied, "Sure, it is an unfortunately big part of it It is definitely in
18 our interest to support candidates that care about our projects and ideas." Carrie Budoff, *From*
19 *staff to lobbyist: The ties that bind*, The Philadelphia Inquirer, Apr. 17, 2006, at 1. (Ellipses in
20 original).

21 The Joint Response states that Hammel's \$15,000 "contribution to GSP PAC was made
22 in response to a communication a GSP PAC official mistakenly sent him and that, accordingly,

² Commission filings reflect that PAACC's political action committee ("PAACC PAC"), a registered committee, and not PAACC, made the contributions

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2 class." Joint Response at 11-12. GSP PAC returned the excessive portion (\$10,000) of
3 Hammel's contribution approximately two months after its receipt, but returned the remaining
4 \$5,000 approximately five months later when it "learned for the first time" of the allegation of
5 accepting contributions from people outside the firm from a *Roll Call* reporter. Joint response at
6 8; see Tory Newmyer, *Lobbying Firm Broke PAC Rules*, *Roll Call*, May 3, 2006, at 1 (attached to
7 complaint); GSP PAC 2006 July Quarterly Report. GSP "emphatically denies that it used
8 corporate resources to facilitate contributions to federal candidates," and points out that GSP
9 PAC filed conduit reports with the Commission. Joint Response at 13-14. It states that the
10 reported assertion by Dick, who also serves as GSP PAC's treasurer, is "nothing more than a
11 generic statement that GSP PAC has made contributions—both in-kind and by check—to federal
12 candidates." *Id.*

13 2. Analysis

14 The complaint's corporate facilitation count focuses on earmarked contributions from
15 GSP client PAACC PAC and officials of two other GCP clients, Sean McDonald and James
16 Ciminio. A corporation, including its officers, directors or other representatives acting as
17 corporate agents, is prohibited from facilitating the making of contributions to federal candidates
18 or political committees other than to the corporation's own SSF. 11 C.F.R. § 114.2(f)(1).
19 Facilitation includes using corporate resources for fundraising in connection with any federal
20 election. *Id.* Examples of corporate facilitation include using a corporate list of clients who are

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1 not in the restricted class to solicit contributions or distributing invitations to a fundraiser unless
2 the corporation receives advance payment for the fair market value of the list;³ another example
3 is soliciting earmarked contributions for a candidate to be collected and forwarded by the
4 corporation's SSF, unless those contributions are also treated as contributions to and by its SSF.
5 11 C.F.R. §§ 114.2(f)(2)(i)(C); (iii).

6 A corporation may only solicit earmarked contributions to federal candidates that are to
7 flow through its SSF from within its restricted class. 11 C.F.R. §§ 114.2(f)(2)(iii)(earmarked
8 contributions solicited by the corporation must be treated as contributions to and by the SSF);
9 114.5(g)(1)(a corporation and its SSF may only solicit contributions to the SSF from its restricted
10 class). Thus, a corporation may not solicit persons outside its restricted class for earmarked
11 contributions that are collected or forwarded by its SSF, even if the contributions are not
12 deposited in the SSF's account. 11 C.F.R. §§ 114.2(f)(2)(iii), 114.5(g)(1); Corporate and Labor
13 Organization Activity, 60 Fed. Reg. 64259, 64265 (Dec. 14, 1995).

14 GSP PAC's filings show sixteen contributions to or flowing through GSP PAC that
15 appear to have come from outside of GSP's restricted class, over half from known GSP client
16 entities and individuals that are officers or directors of GSP clients.⁴ See Attachment. These
17 contributions, which include Hammel's contribution of \$15,000, total \$23,567 and were made
18 during 2004 and 2005. The number of contributors during this time period from outside GSP's
19

³ A corporation's stockholders, executive and administrative personnel and their respective families, or those of an affiliated organization, make up its restricted class. 2 U.S.C. § 441b(b)(4)(A)(i); 11 C.F.R. §§ 114.1(j), 114.5(g)(1). A corporation may also make twice yearly written solicitations to its employees who are not part of the restricted class. 11 C.F.R. § 114.6. These solicitations are strictly limited to current employees of the corporation. *Id.*

⁴ Three of these contributions, totaling \$500, are from the PAACC PAC, which is the SSF of the PAACC, a GSP client.

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1 restricted class is four times the number of contributors from within the restricted class, which
2 may indicate that GSP proffered to its lobbying or other corporate clients the use of its SSF to
3 deliver their contributions to federal candidates. Several of these contributions from outside the
4 restricted class appear to have been made within a short time period, for the same amount, and in
5 some cases, to the same candidates. It seems unlikely that a number of GSP's clients or their
6 associated personnel merely by chance forwarded earmarked contributions through GSP PAC.
7 The ratio of known clients contributing from outside the restricted class to those contributors
8 from within the restricted class is 2:1 for 2004 and 2005. As a principal of GSP Consulting
9 Corporation, Kuklis was in a position to have consented to the facilitation of these contributions.

10 Therefore, there is reason to believe that Joseph Kuklis violated 2 U.S.C. § 441(b)(a) by
11 consenting to GSP Consulting Corporation facilitating the making of contributions.

MUR 5749 - GSP PAC RECEIPTS - OUTSIDE RESTRICTED CLASS

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John Russell	Jack Russell & Associates	04/05/04	\$250	Mike Doyle	July 04	Unknown
Thomas Balestrieri	Buncher Corporation	08/18/04	\$250	Tim Murphy	Oct. 04	Yes (Buncher Properties)
Howard Berger	National Laundry Service	08/18/04	\$250	Unknown	Oct. 04	Unknown
James Ciminio	YMCA of Pittsburgh	08/23/04	\$250	Tim Murphy	Oct. 04	Yes
Nicholas Kuhn	A Lung Technologies	08/23/04	\$250	Tim Murphy	Oct. 04	Yes
Sean McDonald	Precision Therapeutics	07/07/04	\$250	Mike Doyle	Oct. 04	Yes
Sean McDonald	Precision Therapeutics	07/07/04	\$2000	Rick Santorum	Oct. 04	Yes
Timothy Pisula	Yyireless1.net	08/23/04	\$250	Tim Murphy	Oct. 04	Unknown
Richard Stover	Birchmere Capital	08/25/04	\$250	Tim Murphy	Oct. 04	Unknown
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Note: Gregory Harbaugh, employed by affiliate Houston Harbaugh, P.C., contributed \$250 earmarked for Tim Murphy on 08/18/04.